IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

NO. 80-1142

SOWECO, INC.,

Petitioner,

v.

SHELL OIL COMPANY AND
SHELL CHEMICAL COMPANY,

Respondents.

REPLY TO BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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REPLY TO BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

This trademark dispute, described by Respondent as "private" involves both (1) the Petitioner's federal statutory rights provided incontestable trademarks under the Lanham Act, and (2) the Petitioner's common law rights under the laws of the State of Texas.

The dispute also concerns the right of Petitioner's relevant consuming markets, which span agricultural marketplaces from the West Coast to the East Coast, to be free from misleading or confusing uses of the Petitioner's fifty (50) year old trademark "Larvacide."

The dual interests of both the Petitioner and its consuming public to be free from any identification with the Respondent can be put no more clearly than in the summary of testimony offered by the Petitioner in its "offer of proof" at the trial of this cause.

The "offer of proof" related to the problem of the Respondent's chemical carcinogens used in the production of the relevant products which are used to treat agricultural products which

thereafter enter consumers' bodies.

Specifically, in this regard, prior to the time of trial the National Cancer Institute, on the basis of findings approved by industry and academic representatives from highly respected entities, had preliminarily determined that tetrachlorvinphos, the active chemical in the infringing products of the Respondent, caused cancer.

That determination, commonly referred to as a RPAR, represents a finding of a Rebuttable Presumption against Registration. See Bioassay Of Tetrachlorvinphos For Possible Carcinogenicity, National Cancer Institute, CARCINOGENISIS, Technical Report Series No. 33, CAS No. 961-11-5, NCI-CG-TR-33 (H.E.W. 1978). That initial presumption was later certified by the National

Cancer Insitute which in April of 1978 advanced the finding of carcinogenicity from a "rebuttable presumption" to a "conclusive presumption."

Petitioner's determination to alleviate all possible confusion in the Petitioner's market place is genuinely concerned with eliminating any belief that the carcinogenic products of the Respondent have "emanated from or have been endorsed by the Petitioner."

It was the jury in this case which found that the Respondent's uses of the Petitioner's trademark was

> ...In a manner that is likely to confuse, or mislead potential customers into believing that such goods or services [Respondent] have emanated from or have been endorsed by the latter [Petitioner]. You are advised that in answering this issue that the plaintiff, Soweco, need not have shown actual confusion of potential customers, but only a likelihood of confusion.

(App. 74a-76a).

The Petitioner and its consumers are entitled to the protection offered under both the Lanham Act and the Texas law of unfair competition. The obvious need for the Petitioner's goods to be clearly separate and distinct in the minds of consumers in the agricultural chemical market place needs no extended elocution.

Every citizen who consumes grain, beef or poultry in any form has a stake in the outcome of this case.

I. RESTATEMENT OF THE CASE

The Petitioner must take issue with the statement of the Respondent that an accurate statement of the facts may be found in the opinion of the Court below. The product names as printed in the opi-

nion itself do not reflect the product names as they are used by the Respondent. The boldness of the print is clearly inaccurate, and the indication that Shell uses the trademark "Poultry Spray & Larvicide" always preceded by the Respondent's name "Shell" is simply not founded upon the evidence in this case. See App. 87a-91a.

Second, the Petitioner takes issue with the fact that Respondent has merely used the "Larvicide" in a commonly-accepted meaning in this market place. While the Respondent points to several generally circulated dictionaries, the evidence at trial established that in the relevant agricultural chemical market place the word "Larvacide" as was defined as a trademark for the products of the Petitioner. No witness disputed

the authority of the Condensed Chemical Dictionary which defined "Larvacide" in the relevant market place as a trademark for the Petitioner's goods. (Tr. Vol. IV 66-70, 73-76; Tr. Vol. IVa 271-72, 275-77).

Particularly, the Respondent's distinguished expert witness, Dr. DeCamp took no issue with the Condensed Chemical Dictionary definition of the word "Larvacide"--trademark for products containing chloropicrin [Petitioner's]. (Tr. Vol. IVa 317); see also (Tr. Vol. IVa 395-96).

The trademark "Larvacide" is not utilized upon products available to the general public. It is a mark used in an agricultural chemical market. Petitioner's consumers use agricultural chemicals in connection with the fumaga-

tion of soil and grain. The Respondent unlawfully uses its marks on agricultural chemicals in connection with the eradication of pests attendant to cattle and poultry production. (E.g., App. 63a-64a).

The meaning to others in the general public has never been determined to be relevant. Both the Lanham Act and the common law focus on the use of words, not on their nature or meaning in the abstract. (Soweco v. Shell; App. 23a).

II. SUMMARY OF ARGUMENT

Respondent misconceived the arguments of the Petitioner in its application for Writ of Certiorari.

First, the Petitioner does not attack the constitutionality of Rule 50(b) as relates to the proce-

dure for the granting of a judgment notwithstanding the verdict. The error in this case in granting the same rises to consitutional levels, for the reason that substantial, if not compelling, evidence to the contrary existed in the evidence. Under the authority of this Supreme Court, and the various Circuits, the withdrawing of a party's right to a judgment on the jury's verdict amounts to constitutional error when suffcient evidence to support the jury's verdict exists. (Petition at 14-15).

Second, the "Fair Use" defense was not available to the Respondent for several reasons. The jury failed to reach unanimity on that issue; yet it did reach a unanimous verdict on its findings that the Respondent was using the Petitioner's incontestable trademark

in a "trademark manner."

Third, the jury twice found the requisite "likelihood of confusion", and under both the Lanham Act and the Texas law of unfair competition the Petitioner was entitled to its Judgment on the issue of liability.

Although the Respondent urges that the Court below abided by the "Erie Doctrine," it does not explain the failure of the Court below to follow the law as approved by the Supreme Court of Texas on the state claim for unfair competition. See Glass v. Kottwitz, 297 S.W. 573, 575 (Tex. Civ. App. -- Galveston 1927, writ ref'd).

As discussed in some detail above, the issues presented in the Petition concern the manufacturer, the distributors and the consumers of agricultural

produce.

Counsel for the Respondent in argument before the Fifth Circuit admitted that the Respondent had incorporated the Petitioner's mark in the relevant product names. For the Court below to determine that there is no evidence of an infringing use by the Respondent of the Petitioner's trademark is thus difficult to reconcile.

Under Texas law the use in a manner as defined by Special Interrogatories No. Seven and Nine (App. 74a-76a) established the Petitioner's right to its Judgment on the state claim.

The Respondent's argument, if extended to our modern commercial markets, would render a nullity in commerce of such distinctive names as General Motors, General Foods, United States

Steel, and American Airlines. Certainly those words taken individually are not particularly distinctive. To consumers in the relevant market place, however, those names carry a very high distinction and indicate a source of the goods or services, thereby assisting consumers in making marketing decisions.

This case offers this Court the opportunity to correct the improper interpretation of the Lanham Act and the unconsitutional denial of Petitioner's right to prevail upon its state law claim.

III. ARGUMENT

A. The Petitioner does not challenge the constitutionality of Rule 50(b); rather the unconstitutional granting of such a motion with an

evidentiary record containing substantial evidence to the contrary.

The Petitioner does not dispute that Rule 50(b) may be properly invoked on a record devoid of evidence sufficient to allow a jury of reasonable persons to find that a likelihood of confusion, in one form of another, existed.

The challenge herein is based upon the precedent of this Court in holding that denying a party a judgment upon a jury's verdict is constitional error should sufficient evidence to the contrary exist.

It is important for the Court to gleen from the record that a judgment notwithstanding the verdict was not rendered in connection with the Lanham Act

claims. The Court below sustained the denial of the Petitioner's right to judgment under the Lanham Act on the basis of a statutory defense to the infringment of the Petitioner's incontestable trademark.

Second, constitutional error did occur in the affirmance by the Court below of a judgment notwithstanding the verdict in connection with the Texas claim on unfair competition. The uses by the Respondent of the Petitioner's mark in the same market system as the uses of the Petitioner elicited testimony of confusion from a number of impartial third-party witnesses, particularly, salesmen which sold the products of both the Petitioner and the Respondent. More than substantial evidence existed from which the requisite

"likelihood of confusion" was determined by the jury.

1. The Court below did not deny the Petitioner judgment under the Lanham Act on the basis of "no evidence," but rather relief upon the "Fair Use" defense.

If the Petitioner has suggested it is challenging the validity of Rule 50(b), Federal Rules of Civil Procedure, such a suggestion has resulted from a misinterpretation of its position.

Under the authorities cited previously, the Petitioner merely recognized the authorities, including this Court, which have recognized that

failing to render judgment for a party upon the jury's verdict, with sufficient supporting evidence in the record, constitutes a denial of "trial by jury" and a correlative violation of the Seventh Amendment. (Petition at 14-15).

Such a situation has occurred in this case. It is critical to recognize that neither the District Court nor the Court of Appeals denied the Petitioner a judgment on its Lanham Act claims on the basis of "no evidence." Respondent's counsel in oral argument below admitted to having incorporated the Petitioner's trademark upon its product names, which the jury found to be used as trademarks. (App. 77a-78a).

Had the Court below initially determined the absence of "a likelihood of confusion" there would not have been

any necessity to resort to the extended discussion of the "Fair Use" defense provided in 15 U.S.C. § 1115(b)(4). The defenses to the infringement of an incontestable trademark need only be be recognized should a "likelihood of confusion" have been established. Otherwise, no resort to those defenses is necessary.

It is clear from the Court's opinion below that the Petitioner was denied relief under the Lanham Act solely on the basis of the "Fair Use" defense. Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1189 (5th Cir. 1980) ("We conclude that Shell must prevail on its fair-use defense to the trademark infringement claim.").

However, for reasons specified below, the "Fair Use" defense was not

established under the jury's verdict, nor in the evidence.

2. The Court below did commit constitutional error, under the prior decisions of the Supreme Court, in granting judgment notwithstanding the verdict in the face of substantial evidence to the contrary.

As discussed above, neither of the Courts below denied the Petitioner judgment on its Lanham Act claims on the basis of "no evidence."

On the other hand, both Courts justified denial of the Petitioner's state claim, also connected with infringement of the Petitioner's mark, on the basis of "no evidence."

The inconsistency is glaring. A

review of the legal standards by which "a likelihood of confusion" is measured, and an analysis of the evidence as outlined in the Petition make evident that substantial evidence of "a likelihood of confusion" was produced on every factor to be considered--similarity in appearance, sound, distribution channels, advertising media, agricultural shows and exhibitions, and actual confusion. (Petition at 10-11, 17).

In view of such evidence, it was constitutional error to determine that a jury of reasonable persons could not have determined that consumers might have been mislead into believing that the Respondents' goods or services had emanated from or have been endorsed by the Petitioner, on the basis that the Petitioner need only show "a likelihood

of confusion." (See App. 74a-76a).

The Court below refused to recognize the one relevant statement of the Supreme Court of Texas on the state claim of unfair competition. The Texas Supreme Court approved the holding of a Texas Court of Civil Appeals that:

> "Even generic names and emblems will be so protected if there has been such a prior combination and association of them with, or application of them to, a new and distinctive enterprise that their subsequent use by others would thus tend to mislead the public and injure the association first so using them."

Glass v. Kottwiz, 297 S.W. 573, 575 (Tex. Civ. App. -- Galveston 1927, writ ref'd).

As previously discussed, such a failure to adhere to the law of the forum is in direct conflict with the

well settled principles set out in Erie R. Co. v. Tompkins, 304 U.S. 64 (1938).

B. The "Fair Use" defense was not available to the Respondent as represented in its opposition brief.

For several reasons, the "Fair Use" defense was not available to the Respondent.

First, the jury did not reach a unanimous decision on that special interrogatory.

Second, the jury did find that the Respondent was using the colorable imitations of the Petitioner's incontestable trademark "Larvacide" as trademarks. The jury's finding was worded according to the definition of the Lanham Act, and

was based upon the unequivocal testimony of the Respondent's own witnesses as earlier outlined. (Petition at 22-26).

1. The jury failed to reach a unanimous verdict on the "Fair Use" defense special interrogatory.

The Respondent indicated in its opposition to the granting of certiorari that the jurors had carefully deliberated upon the issues in this case.

Although the issues upon which the Petitioner relies were reached with the requisite unanimity, the jury did not reach unanimity on the "Fair Use" defense.

In responding to the Petitioner's point of error in connection with the

District Court's receipt of a non-unanimous verdict on the "Fair Use" defense, the Court below refused to acknowledge the testimony of the jurors cited by the Petitioner in its arguments below. The Court elaborated on testimony of the jurors which did not relate to the relevant record concerning the lack of unanimity under the standard as applied in jury trials.

The first juror, Mrs. W. P. Mall, when asked if her verdict represented her individual judgment as to what the verdict should be:

> "I really have to answer 'no' on two."

The District Court then quickly determined that Mrs. Mall had answered no as to the "Fair Use" defense and the

"Fraudulent Registration" defense submitted by the Respondent in connection with 15 U.S.C. § 1115(b).

A second juror was then asked whether or not the verdict announced by the jury foreman was his individual judgment.

Mr. D. Pope, the second juror polled, answered:

> "I will have to be like the lady."

The District Court then determined that Mr. Pope indeed was not returning a verdict on the same two issues.

The Court below held that the unanimity requirement in a jury trial vacillated as a function of whether the verdict was being received in a civil case, on the one hand, or in a criminal

case, on the other hand. Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1188-89 n.29 (5th Cir. 1980). That finding was contrary to the precedent of its own Circuit, and other circuits, which have condemned the interrogation which was conducted by the District Judge below when faced with a non-unanimous verdict on his poll in open Court.

The Court would be referred to the well reasoned discussion on non-unanimous verdicts in Bruce v. Chestnut Farms--Chevy Chase Dairy, 126 F.2d 224, 225-26 (D.C. Cir. 1942); accord, Castleberry v. N.R.M. Corporation, 470 F.2d 1113, 1117 (10th Cir. 1972) (standard in civil damage case).

Despite the lack of unanimity, the Respondent did not request the District Court to return the jurors to obtain a

unanimous verdict. On the other hand, counsel for the Petitioner announced to the Court, on the record, that it was preserving its objection to the failure of the Jury to reach unanimity on the Respondent's defensive issues.

Although the Court below determined that the verdict was unanimous, on extended interrogation by the District Judge, the words of the jurors speak more boldly and succinctly.

2. The jury did reach a unanimous verdict that Respondent was using Petitioner's incontestable trademark "as a trademark."

The Petitioner has not claimed that the Respondent could not have made a proper descriptive use of some colorable limitation of the Petitioner's trademark

"Larvacide". However, as in other cases, even though a trademark may be capable of a descriptive, and therefore noninfringing use, its improper use "as a symbol to attract public attention" is a trademark usage. Venetianaire Corp. of America v. A & P Import Co., 429 F.2d 1079, 1082 (2d Cir. 1970); accord, Frostie Company v. Dr. Pepper Company, 341 F.2d 363, 366-67 (5th Cir. 1965) (use incorporating mark to attract prospective customers--infringement by definition--fair use defense not available).

The Respondent denies the relevance of the admissions of its witnesses that its product names are:

(1) being used as trademarks;

(2) being used in a very conspicuous manner;

(3) being used to "catch the user's eye," and

(4) incorporating the Petitioner's trademark as part of the Respondent's infringing product names, and

fails to be relevant to the Court's inquiry. The Venetianaire Corp. of America line of cases holding that the use of a symbol "to attract public attention" "is a trademark use" is diametrically opposed to the position of the Respondent.

Another Court in Feathercombs, Inc. v. Solo Products Corporation, 306 F.2d 251, 254, 256 (2d Cir. 1962), recognized the distinction between a non-trademark use, on the one hand, and a trademark use, on the other hand. That Court made evident that the use of another's

descriptive mark in "a conspicuous position in its marketing and display techniques" constituted a trademark use and, thus, trademark infringement.

A third Court recognized that the use of an otherwise descriptive mark "as a symbol to attract public attention" constituted trademark infringement. Safeway Stores, Inc. v. Safeway Properties, Inc., 307 F.2d 495, 499 (2d Cir. 1962).

The testimony of the Respondent's witnesses, the holdings of the relevant precedent, and the unanimous findings of the jury that the Respondent was using the infringing product names in a trademark sense render the "Fair Use" defense unavailable.

Having failed to establish a statutory defense to the infringement of the

Petitioner's incontestable trademark, the Petitioner was wrongfully denied its judgment under the Lanham Act, Sections 32 and 43(a), on the issue of liability.

A curing of the error of the Court below would allow the Petitioner to return for its hearing on damages and proper injunctive protection from identification with the questionable chemical products of the Respondent.

C. The jury did find the requisite likelihood of confusion in two special interrogatories which entitled the Petitioner to judgment under both the Lanham Act and the Texas law of unfair competition.

The jury below, on the evidence

discussed hereinabove, found that the Respondent was making uses of the Petitioner's mark in a manner that was "likely to confuse, or mislead potential customers into believing that such goods or services [Respondent] have emanated from or have been endorsed the latter [Petitioner]." (App. 74a-76a).

Such findings, based upon substantial if not compelling evidence, established trademark infringement under the Lanham Act. See Petition 15-18.

Additionally, those jury findings established statutory unfair competition under Section 43(a), Rolls Royce Motors Ltd. v. A & Fiber-glass, Inc., 428 F.Supp. 689, 697 (N.D. Ga. 1977) (15 U.S.C. § 1125(a)), as well as unfair competition under the common law of the State of Texas. Kentucky Fried Chicken

v. Diversified Packaging, 549 F.2d 368, 382 (5th Cir. 1977); Glass v. Kottwitz, 297 S.W. 573, 575 (Tex. Civ. App. -- Galveston 1927, writ ref'd).

The Petitioner is not required to prove that confusion of every kind must be likely before it is entitled to relief. A confusion in the minds of consumers that goods have enamated from or been sponsored by another, when such goods have not, is sufficient under the Federal law, as well as the Texas law of unfair competition to entitle the Petitioner to his judgment.

CONCLUSION

The Petitioner hopes that the irrelevant discussion of the Respondent in connection with "descriptive marks" will not obfuscate the consideration of the

issues surrounding the Petitioner's mark.

The Court below properly recognized that the Petitioner's mark was incontestable and, even if descriptive, was conclusively presumed to possess secondary meaning. None of the cases in the discussion of the Respondent in connection with "descriptive" marks related to situations concerned with marks which were (1) incontestable or (2) possessed secondary meaning.

The Petitioner is not attacking the constitutionality of Rule 50(b), but under the precedent of the Supreme Court is bringing error for an unconstitutional denial of this Petitioner's right to trial by jury.

The Respondent was not entitled to prevail on the "Fair Use" defense

in the absence of jury unanimity and the virtually conclusive evidence of its use of the Petitioner's mark as a trademark.

The findings of a likelihood of confusion by the jury, and the quite substantial supporting evidence, require judicial relief and remedy for the Petitioner.

The issues are not simple, but are not unnecessarily complex.

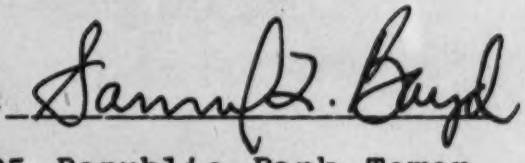
The Respondent, and its successors, continue in the improper use of the Petitioner's mark on the carcinogens condemned by the National Cancer Institute. Although those products may now be short-lived, the harm in the market place from lingering misconceptions of distributors and consumers will do untold harm if allowed to persist.

The Petition should be granted, the

Petitioner should be allowed its judgment, and the cause should be remanded for a hearing on the issues of damages and injunctive relief.

Respectively submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing REPLY TO BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI was served on counsel of record for the Respondent:

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on this 2nd day of March, 1981.

Samuel L. Boyd

SAMUEL L. BOYD